

Amendment To The Specification:

Please amend the paragraphs beginning at page 7, line 27 and page 29, line 25 by replacement with the following paragraphs, respectively:

Figs. 5 (a) and 5 (b) illustrate a method for setting minimum and maximum limits on a transmission bit rate in accordance with the present invention.

Figs. 5 (a) and 5 (b) illustrate a method for setting minimum and maximum limits on a transmission bit rate in accordance with the present invention. A summary of the above discussions is provided.

An encoding bit rate is first allocated for a current picture (block 500), and a transmission bit rate is allocated in response thereto (block 510), and following a system delay. If a new bit rate can be allocated before a decode time of the next picture (block 520), a max. bit rate limit is set to avoid a decoder buffer overflow at the decode time of the next picture (block 530). If a new bit rate can not be allocated before the decode time of the next picture (block 520), a max. bit rate limit is set to avoid a decoder buffer overflow at the decode time of the next, next picture (block 540).